



General Assembly

Amendment

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LCO No. 6115



Offered by:

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To: House Bill No. **5074**

File No. 2

Cal. No. 38

"AN ACT CONCERNING EMPLOYEE WORKING CONDITIONS."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. (NEW) (*Effective from passage*) As used in this section and
4 sections 2 to 14, inclusive, of this act:

5 (1) "Authority" means the Connecticut Retirement Security
6 Authority established pursuant to section 2 of this act;

7 (2) "Board" means the Connecticut Retirement Security Authority
8 board of directors established pursuant to section 2 of this act;

9 (3) "Contribution level" means (A) the contribution rate selected by
10 the participant that may be expressed as (i) a percentage of the
11 participant's taxable wages as is required to be reported under Sections
12 6041 and 6051 of the Internal Revenue Code of 1986, or any subsequent

13 corresponding internal revenue code of the United States, as amended
14 from time to time, or (ii) a dollar amount up to the maximum
15 deductible amount for the participant's taxable year under Section
16 219(b)(1) of the Internal Revenue Code of 1986, or any subsequent
17 corresponding internal revenue code of the United States, as amended
18 from time to time; or (B) in the absence of an affirmative election by the
19 participant, three per cent of the participant's taxable wages as is
20 required to be reported under Sections 6041 and 6051 of the Internal
21 Revenue Code of 1986, or any subsequent corresponding internal
22 revenue code of the United States, as amended from time to time. The
23 contribution level of a participant who customarily and regularly
24 receives gratuities in conjunction with his or her employment shall be
25 a percentage of such participant's wages as is required to be reported
26 under Sections 6041 and 6051 of the Internal Revenue Code of 1986, or
27 any subsequent corresponding internal revenue code of the United
28 States, as amended from time to time;

29 (4) "Covered employee" means an individual (A) who has been
30 employed by a qualified employer for a period of not less than one
31 hundred twenty days, (B) who is nineteen years of age or older, (C)
32 who performs services within the state for purposes of section 31-222
33 of the general statutes, and (D) whose service or employment is not
34 excluded under the provisions of subdivision (5) of subsection (a) of
35 section 31-222 of the general statutes;

36 (5) "Participant" means any individual participating in the program;

37 (6) "Program" means the Connecticut Retirement Security Exchange
38 established pursuant to section 3 of this act;

39 (7) "Qualified employer" means any person, corporation, limited
40 liability company, firm, partnership, voluntary association, joint stock
41 association or other entity doing business in the state during the
42 calendar year, whether for profit or not for profit, that employed on
43 October first of the preceding calendar year five or more individuals in
44 the state and has paid not less than five of such individuals taxable

45 wages of not less than five thousand dollars in the preceding calendar
46 year. "Qualified employer" does not include: (A) The federal
47 government, (B) the state or any political subdivision thereof, (C) any
48 municipality, unit of a municipality or municipal housing authority,
49 (D) an employer employing only individuals whose services are
50 excluded under subdivision (5) of subsection (a) of section 31-222 of
51 the general statutes, or (E) an employer that was not in existence at all
52 times during the current calendar year and the preceding calendar
53 year;

54 (8) "Individual retirement account" means a Roth IRA;

55 (9) "Roth IRA" means an account described in Section 408A of the
56 Internal Revenue Code of 1986, or any subsequent corresponding
57 internal revenue code of the United States, as amended from time to
58 time;

59 (10) "Normal retirement age" means the age specified in Section
60 408A of the Internal Revenue Code of 1986, or any subsequent
61 corresponding internal revenue code of the United States, as amended
62 from time to time, when an individual may withdraw all funds
63 without penalty;

64 (11) "Vendor" means (A) a federally regulated retirement plan
65 sponsor conducting business in the state, including, but not limited to,
66 a federally regulated investment company or an insurance company,
67 or (B) a company conducting business in the state to (i) provide
68 ancillary services, including, but not limited to, technological, payroll
69 or recordkeeping services, and (ii) offer retirement plans or payroll
70 deposit individual retirement account arrangements using products of
71 regulated retirement plan sponsors. "Vendor" does not include
72 individual registered representatives, brokers, financial planners or
73 agents; and

74 (12) "Fee" means investment management charges, administrative
75 charges, investment advice charges, trading fees, marketing and sales
76 fees, revenue sharing, broker fees and other costs necessary to

77 administer the program.

78 Sec. 2. (NEW) (*Effective from passage*) (a) There is hereby established
79 and created a body politic and corporate, constituting a public
80 instrumentality and political subdivision of the state of Connecticut
81 established and created for the performance of an essential public and
82 governmental function, to be known as the Connecticut Retirement
83 Security Authority. The authority shall not be construed to be a
84 department, institution or agency of the state.

85 (b) The powers of the authority shall be vested in and exercised by a
86 board of directors, which shall consist of fifteen voting members, each
87 a resident of the state, (1) the State Treasurer who shall serve as an ex
88 officio voting member; (2) the State Comptroller who shall serve as an
89 ex officio voting member; (3) the Secretary of the Office of Policy and
90 Management who shall serve as an ex officio voting member; (4) the
91 Banking Commissioner who shall serve as an ex officio voting
92 member; (5) the Labor Commissioner who shall serve as an ex officio
93 voting member; (6) one appointed by the speaker of the House of
94 Representatives, who shall have a favorable reputation for skill,
95 knowledge and experience in the interests of the needs of aging
96 population; (7) one appointed by the majority leader of the House of
97 Representatives, who shall have a favorable reputation for skill,
98 knowledge and experience in the interests of small employers in
99 retirement savings; (8) one appointed by the minority leader of the
100 House of Representatives, who shall have a favorable reputation for
101 skill, knowledge and experience in the interests of retirement
102 investment products; (9) one appointed by the president pro tempore
103 of the Senate, who shall have a favorable reputation for skill,
104 knowledge and experience in the interests of employees in retirement
105 savings; (10) one appointed by the majority leader of the Senate, who
106 shall have a favorable reputation for skill, knowledge and experience
107 in retirement plan designs; (11) one appointed by the minority leader
108 of the Senate, who shall have a favorable reputation for skill,
109 knowledge and experience in the interests of retirement plan brokers;
110 and (12) four appointed by the Governor, one who shall have a

111 favorable reputation for skill, knowledge and experience in matters
112 regarding the federal Employment Retirement Income Security Act of
113 1974, as amended from time to time, or the Internal Revenue Code of
114 1986 or any subsequent corresponding internal revenue code of the
115 United States, as amended from time to time, one who shall have a
116 favorable reputation for skill, knowledge and experience in annuity
117 products, one who shall have a favorable reference for skill,
118 knowledge and experience in retirement investment projects, and on
119 who shall have a favorable reputation of skill, knowledge and
120 experience in actuarial science. Each member appointed pursuant to
121 subdivisions (6) to (12), inclusive, of this subsection shall serve an
122 initial term of four years. Thereafter, said members of the General
123 Assembly and the Governor shall appoint members of the board to
124 succeed such appointees whose terms expire and each member so
125 appointed shall hold office for a term of six years from July first in the
126 year of his or her appointment.

127 (c) All appointments to the board shall be made not later than
128 January 1, 2017. Any vacancy shall be filled by the appointing
129 authority not later than thirty calendar days after the office becomes
130 vacant. Any member previously appointed to the board may be
131 reappointed.

132 (d) The Governor shall select a chairperson of the board from
133 among the members of the board. The board shall annually elect a
134 vice-chairperson and such other officers as it deems necessary from
135 among its members. The board may appoint an executive director who
136 shall not be a member of the board and who shall serve at the pleasure
137 of the board. The executive director shall be an employee of the
138 authority and shall receive such compensation as prescribed by the
139 board.

140 (e) The members of the board shall serve without compensation but
141 shall, within available appropriations, be reimbursed in accordance
142 with the standard travel regulations for all necessary expenses that
143 they may incur through service on the board.

144 (f) (1) Each member of the board shall, not later than ten calendar
145 days after his or her appointment, take and subscribe the oath of
146 affirmation required by article XI, section 1, of the State Constitution.
147 Each member's term shall begin from the date the member takes such
148 oath. The oath shall be filed in the office of the Secretary of the State.

149 (2) Each member of the board authorized by resolution of the board
150 to handle funds or sign checks for the program, and any other
151 authorized officer, shall, not later than ten calendar days after the date
152 the board adopts such authorizing resolution, execute a surety bond in
153 the penal sum of fifty thousand dollars or procure an equivalent
154 insurance product or, in lieu thereof, the chairperson shall obtain a
155 blanket position bond covering the executive director and every
156 member of the board and other employee or authorized officer of the
157 authority in the penal sum of fifty thousand dollars. Each such bond or
158 equivalent insurance product shall be (A) conditioned upon the
159 faithful performance of the duties of the chairperson or the members,
160 executive director and other authorized officers or employees, as the
161 case may be, and (B) issued by an insurance company authorized to
162 transact business in the state as surety. The cost of each such bond
163 shall be paid by the authority.

164 (g) An authorized officer or the executive director, if one is
165 appointed by the board pursuant to subsection (d) of this section, shall
166 supervise the administrative affairs and technical activities of the
167 program in accordance with the directives of the board. Such
168 authorized officer or executive director, as the case may be, shall keep
169 a record of the proceedings of the program and shall be custodian of
170 all books, documents and papers filed with the program, the minute
171 book or journal of the program and its official seal. Such authorized
172 officer or executive director, as the case may be, may cause copies to be
173 made of all minutes and other records and documents of the program
174 and may give certificates under the official seal of the program to the
175 effect that such copies are true copies, and all persons dealing with the
176 program may rely upon such certificates.

177 (h) Eight members of the board shall constitute a quorum for the
178 transaction of any business or the exercise of any power of the
179 authority. Each member shall be entitled to one vote on the board.

180 (i) (1) No member of the board or any officer, agent or employee of
181 the authority shall, directly or indirectly, have any financial interest in
182 any corporation, business trust, estate, trust, partnership or
183 association, two or more persons having a joint or common interest, or
184 any other legal or commercial entity contracting with the authority.

185 (2) Notwithstanding the provisions of subdivision (1) of this
186 subsection or any other section of the general statutes, it shall not be a
187 conflict of interest or a violation of the provisions of said subdivision
188 or any other section of the general statutes for a trustee, director,
189 officer or employee of a bank, investment advisor, investment
190 company or investment banking firm, or a person having the required
191 favorable reputation for skill, knowledge and experience in retirement
192 savings, to serve as a member of the board, provided, in each case to
193 which the provisions of this subdivision are applicable, such trustee,
194 director, officer or employee of such a firm abstains from discussion,
195 deliberation, action and vote by the board in specific respect to any
196 undertaking pursuant to this section or sections 3 to 14, inclusive, of
197 this act in which such firm has a direct interest separate from the
198 interests of all similar firms generally.

199 (j) The board, on behalf of the authority, and for the purpose of
200 implementing the Connecticut Retirement Security Exchange
201 established pursuant to section 3 of this act, shall adopt written
202 procedures in accordance with the provisions of section 1-121 of the
203 general statutes for the purposes of:

204 (1) Adopting an annual budget and plan of operations, including a
205 requirement of board approval before such budget or plan may take
206 effect;

207 (2) Hiring, dismissing, promoting and compensating employees of
208 the authority, instituting an affirmative action policy and requiring

- 209 board approval before a position may be created or a vacancy filled;
- 210 (3) Acquiring real and personal property and personal services,
211 including requiring board approval for any nonbudgeted expenditure
212 in excess of five thousand dollars;
- 213 (4) Contracting for financial, legal and other professional services,
214 and requiring that the authority solicit proposals not less than every
215 three years for each such service used by the board or authority, except
216 for any firm that contracts to provide custodial, recordkeeping or other
217 services for the provision of an individual retirement account such
218 solicitation shall be not less than every ten years;
- 219 (5) Using surplus funds to the extent authorized under this act or
220 other provisions of the general statutes;
- 221 (6) Making modifications to the program that the board deems
222 necessary to implement the provisions of sections 2 to 14, inclusive, of
223 this act consistent with federal rules and regulations in order to ensure
224 that the program meets all criteria for federal tax-deferral or tax-
225 exempt benefits, and to prevent the program from being treated as an
226 employee benefit plan under the federal Employee Retirement Income
227 Security Act of 1974, as amended from time to time; and
- 228 (7) Establishing an administrative process by which participants,
229 potential participants and employees may submit grievances,
230 complaints and appeals to the board and have such grievances,
231 complaints and appeals heard and addressed by the board.
- 232 (k) The authority shall continue as long as the program remains in
233 effect and until its existence is terminated by law. Upon termination of
234 the existence of the authority, all its rights and properties shall pass to
235 and be vested in the state of Connecticut.
- 236 (l) The provisions of this section and section 1-125 of the general
237 statutes, as amended by this act, shall apply to any member, director or
238 employee of the authority. No person shall be subject to civil liability

239 for the debts, obligations or liabilities of the authority as provided in
240 this section and section 1-125 of the general statutes, as amended by
241 this act.

242 Sec. 3. (NEW) (*Effective January 1, 2017*) (a) There is established the
243 Connecticut Retirement Security Exchange the purpose of which shall
244 be to promote and enhance retirement savings for private sector
245 employees in the state. The board of directors of the Connecticut
246 Retirement Security Authority may:

247 (1) Adopt bylaws for the regulation of the affairs of the board and
248 the conduct of its business;

249 (2) Adopt an official seal and alter the same at the pleasure of the
250 board;

251 (3) Maintain an office at such place or places in the state as the board
252 may designate;

253 (4) Sue and be sued in its own name;

254 (5) Establish criteria and guidelines for the program to offer
255 qualified retirement investment choices that shall be offered by
256 multiple vendors as selected by the authority. Such criteria and
257 guidelines shall establish a cap on total annual fees and shall provide
258 participants with information regarding each retirement investment
259 choice's historical investment performance;

260 (6) Receive and invest moneys in the program in any instruments,
261 obligations, securities or property in accordance with section 8 of this
262 act;

263 (7) Contract with financial institutions or other organizations
264 offering or servicing retirement programs. The authority may require
265 that each participant be charged a fee to defray the costs of the
266 program. The amount and method of collection of such fee shall be
267 determined by the authority. No employer shall be required to fund or
268 be responsible for collecting fees from plan participants;

269 (8) Employ such employees as may be necessary in the board's
270 judgment, and to fix the compensation of such persons;

271 (9) Charge and equitably apportion among participants the
272 administrative costs and expenses incurred in the exercise of the
273 board's powers and duties as granted by this section;

274 (10) Borrow working capital funds and other funds as may be
275 necessary for the start-up and continuing operation of the program,
276 provided such funds are borrowed in the name of the authority only.
277 Such borrowings shall be payable solely from revenues of the
278 authority;

279 (11) Make and enter into contracts or agreements with the state and
280 any instrumentalities thereof and professional service providers,
281 including, but not limited to, financial consultants and lawyers, as may
282 be necessary or incidental to the performance of the board's duties and
283 the execution of its powers under this section;

284 (12) Establish policies and procedures for the protection of program
285 participants' personal and confidential information; and

286 (13) Do all things necessary or convenient to carry out the
287 provisions of sections 2 to 14, inclusive, of this act.

288 (b) The board of directors of the Connecticut Retirement Security
289 Authority shall enter into memoranda of understanding with the
290 Labor Department and other state agencies regarding (1) the gathering
291 or dissemination of information necessary for the operations of the
292 program, subject to such obligations of confidentiality as may be
293 agreed or required by law, (2) the sharing of costs incurred pursuant to
294 the gathering and dissemination of such information, and (3) the
295 reimbursement of costs for any enforcement activities conducted
296 pursuant to section 10 of this act. Each state agency may also enter into
297 such memoranda of understanding.

298 Sec. 4. (NEW) (*Effective January 1, 2017*) (a) The Connecticut

299 Retirement Security Authority board of directors shall prepare
300 informational materials regarding the Connecticut Retirement Security
301 Exchange for distribution by qualified employers to plan participants
302 and prospective plan participants pursuant to section 7 of this act.
303 Such informational materials shall include, but need not be limited to:

304 (1) The benefits and risks associated with making contributions to or
305 making withdrawals from the program;

306 (2) The process for making contributions to the program, including
307 a contribution election form;

308 (3) Clear and conspicuous notice regarding the default contribution
309 level;

310 (4) The process by which a participant may opt out of the program
311 by electing a contribution level of zero;

312 (5) A description of applicable federal and state regulations,
313 including income and contribution limits for participating in the
314 program;

315 (6) The process for withdrawing retirement savings from the
316 program, including an explanation of the tax treatment of
317 withdrawals;

318 (7) The process by which a participant may obtain additional
319 information on the program, including information regarding
320 investment options available under the program; and

321 (8) Such other information as the board may deem necessary or
322 advisable to provide to participants, potential participants and
323 qualified employers in the state.

324 (b) Not less than quarterly, the board shall provide a statement to
325 each participant that shall include, but need not be limited to, the
326 following information:

327 (1) The account balance in a participant's individual retirement
328 account, including the value of the participant's investment in each
329 investment option selected by the participant;

330 (2) The various vendors' investment options available to each
331 participant and the process by which a participant may select
332 investment options for his or her contributions in accordance with
333 subsection (b) of section 31-71j of the general statutes, as amended by
334 this act, or as prescribed by the authority;

335 (3) The amount of fees charged to each participant's individual
336 retirement account and a description of the services to which such
337 charges relate; and

338 (4) At the election of the board, an estimate of the amount of income
339 the account is projected to generate for a participant's retirement based
340 on reasonable assumptions.

341 (c) Not less than annually, the board shall provide each participant
342 with notification regarding fees that may be imposed through the
343 program and information regarding the various investment options
344 that may be available to participants. The board may provide such
345 notification and information in the form of a prospectus or similar
346 document.

347 (d) The board, on behalf of the authority, may adopt policies and
348 procedures in accordance with the provisions of section 1-121 of the
349 general statutes for the electronic dissemination of any notices or
350 information required to be provided to participants, potential
351 participants and qualified employers pursuant to the provisions of this
352 section.

353 Sec. 5. (NEW) (*Effective January 1, 2017*) (a) The Connecticut
354 Retirement Security Authority shall provide for the establishment and
355 maintenance of an individual retirement account for each program
356 participant. Such individual retirement account shall be established
357 and maintained through the program. Program assets shall be held in

358 trust or custodial accounts meeting the requirements of Section 408(a)
359 or (c) of the Internal Revenue Code of 1986, or any subsequent
360 corresponding internal revenue code of the United States, as amended
361 from time to time, or any other applicable federal law requirements.

362 (b) Interest, investment earnings and investment losses shall be
363 allocated to each participant's individual retirement account. A
364 participant's benefit under the program shall be equal to the balance in
365 such participant's individual retirement account as of any applicable
366 measurement date prescribed by the program.

367 (c) The Connecticut Retirement Security Authority shall establish, or
368 cause to be established, processes to prevent a participant's
369 contributions to the program from exceeding the maximum amount of
370 deduction under 26 USC 219(b)(1) for the participant's tax year.

371 (d) The state shall not be liable for the payment of any benefit to any
372 participant or beneficiary of any participant and shall not be liable for
373 any liability or obligation of the authority. The authority shall not be
374 liable for the payment of any benefit to any participant or beneficiary
375 of any participant, except with respect to any individual retirement
376 accounts established and maintained by the authority.

377 (e) Any unclaimed funds in a participant's individual retirement
378 account shall be governed by section 3-57a of the general statutes.

379 (f) The Connecticut Retirement Security Authority shall minimize
380 total annual fees associated with the program, except on and after the
381 completion of the fourth calendar year following the first date on
382 which the program becomes effective pursuant to section 7 of this act,
383 the total annual fees associated with the program shall not exceed
384 three-quarters of one per cent of the total value of the program assets.

385 Sec. 6. (NEW) (*Effective January 1, 2017*) (a) The Connecticut
386 Retirement Security Authority board of directors, in conducting the
387 business of the authority, including its oversight functions, shall act:
388 (1) With the care, skill, prudence and diligence under the

389 circumstances then prevailing that a prudent person acting in a like
390 capacity and familiar with such matters would use in the conduct of an
391 enterprise of like character and with like aims; (2) solely in the interests
392 of the program's participants and beneficiaries; (3) for the exclusive
393 purposes of providing benefits to participants and beneficiaries and
394 defraying reasonable expenses of administering the program; and (4)
395 in accordance with the provisions of sections 2 to 14, inclusive, of this
396 act and any other applicable sections of the general statutes.

397 (b) The board shall, to the extent reasonable and practicable, require
398 any vendors engaged or appointed by the authority to abide by the
399 standard of care described in subsection (a) of this section.

400 Sec. 7. (NEW) (*Effective January 1, 2017*) (a) (1) Not later than January
401 1, 2018, and annually thereafter, each qualified employer shall provide
402 each of its covered employees with the informational materials
403 prepared by the Connecticut Retirement Security Authority board of
404 directors pursuant to section 4 of this act. For any employee of a
405 qualified employer who (A) is hired on or after January 1, 2018, or (B)
406 does not meet the definition of covered employee pursuant to section 1
407 of this act, such qualified employer shall provide such informational
408 materials to such employee not later than thirty days, or such other
409 time period as prescribed by the authority, after (i) the date of such
410 employee's hiring, or (ii) the date such employee meets the definition
411 of covered employee pursuant to section 1 of this act.

412 (2) Not later than sixty days after a qualified employer provides
413 informational materials to a covered employee in accordance with
414 subsection (a) of this section, or such other time period as prescribed
415 by the authority, and subject to the provisions of subdivision (3) of this
416 subsection, such qualified employer shall automatically enroll each of
417 its covered employees in the program at the participant's contribution
418 level in accordance with the provisions of section 31-71j of the general
419 statutes, as amended by this act.

420 (3) A covered employee may opt out of the program by electing a

421 contribution level of zero.

422 (4) (A) A qualified employer that (i) maintains a retirement plan or
423 retirement arrangement described under Section 219(g)(5) of the
424 Internal Revenue Code of 1986, or any subsequent corresponding
425 internal revenue code of the United States, as amended from time to
426 time, or (ii) any other retirement arrangement approved by the
427 authority, shall be exempt from the requirements of subdivisions (1)
428 and (2) of this subsection.

429 (B) A qualified employer shall not be considered to maintain a
430 retirement plan or retirement arrangement described under said
431 Section 219(g)(5) or any other retirement arrangement approved by the
432 authority pursuant to subparagraph (A) of this subdivision, if the
433 authority determines that (i) as of the first day of the previous calendar
434 year, no new participant was eligible to be enrolled in a retirement
435 plan or retirement arrangement maintained by such qualified
436 employer, and (ii) on and after the first day of the previous calendar
437 year, no contributions were made to such retirement plan or retirement
438 arrangement by or on behalf of a participant in such plan or
439 arrangement.

440 (5) The authority may defer the effective date of the program, in
441 whole or in part, and for particular categories of employers, as the
442 authority deems necessary to effectuate the purposes of sections 2 to
443 14, inclusive, of this act in a manner that minimizes the disruption and
444 burdens that may exist for any qualified employer. The board shall
445 provide notice of any deferment of the effective date of the program to
446 the chairpersons and ranking members of the joint standing committee
447 of the General Assembly having cognizance of matters relating to labor
448 not later than seven days after the authority has deemed such
449 deferment necessary. Such notice shall include the categories of
450 employers affected, the purpose for which the deferment was granted
451 and the new effective date of the program.

452 (b) A private employer with four employees or fewer may make the

453 program available to its employees subject to such rules and
454 procedures as may be prescribed by the authority. No such employer
455 shall require any employee to enroll in the program.

456 (c) Any individual who is not enrolled in the program pursuant to
457 subsection (a) of this section may participate in the program at any
458 time subject to such rules and procedures as the authority may
459 prescribe. The authority shall provide the informational materials
460 described in section 4 of this act to any such individual at or before the
461 time of such individual's enrollment in the program.

462 (d) To the extent permitted under the Internal Revenue Code of
463 1986, or any subsequent corresponding internal revenue code of the
464 United States, as amended from time to time, the authority shall allow
465 any individual to establish or contribute to an individual retirement
466 account maintained for such individual under the program by rolling
467 over funds from an existing retirement savings account of the
468 individual.

469 (e) A qualified employer that withholds a contribution from a
470 covered employee's compensation in connection with the program
471 shall transmit such contribution on the earliest date the amount
472 withheld from the covered employee's compensation can be
473 transmitted, but not later than ten business days following the date
474 upon which the covered employee's contribution amounts were
475 withheld from his or her paycheck.

476 (f) No employer shall be permitted to make a contribution to the
477 program.

478 (g) The board shall disseminate information concerning the tax
479 credits that may be available to small business owners for establishing
480 new retirement plans.

481 Sec. 8. (NEW) (*Effective January 1, 2017*) (a) The Connecticut
482 Retirement Security Authority shall provide for each participant's
483 account to be invested in (1) an age-appropriate target date fund with

484 the vendor selected by the participant, except as provided in
485 subsection (b) this section, or (2) such other investment vehicles as the
486 authority may prescribe.

487 (b) If a participant does not affirmatively select a specific vendor or
488 investment option within the program, such participant's contribution
489 shall be invested in an age-appropriate target date fund that most
490 closely matches the participant's normal retirement age, rotationally
491 assigned by the program.

492 Sec. 9. (NEW) (*Effective January 1, 2017*) (a) The Connecticut
493 Retirement Security Authority shall establish rules and procedures
494 governing the distribution of funds from the program. Such rules and
495 procedures shall allow for such distributions as may be permitted or
496 required by the program and any applicable provisions of the Internal
497 Revenue Code of 1986, or any subsequent corresponding internal
498 revenue code of the United States, as amended from time to time.

499 (b) The program shall include the following design features
500 prescribed by the authority, provided the authority determines such
501 features to be feasible and cost effective:

502 (1) A lifetime income investment option intended to provide
503 participants with a source of retirement income for life. Any lifetime
504 income investment for the program shall include spousal rights;

505 (2) Provide to each participant, one year in advance of the
506 participant's normal retirement age, a disclosure explaining (A) the
507 rights and features of the lifetime income investment; (B) that once the
508 participant reaches normal retirement age, fifty per cent of the
509 participant's account will be invested in the lifetime income
510 investment; and (C) that the participant may elect to invest a higher
511 percentage of his or her account balance in the lifetime income option;

512 (3) On the date a participant reaches his or her normal retirement
513 age, invest fifty per cent of the participant's account balance, or such
514 higher amount as specified by the participant, in the lifetime income

515 investment;

516 (4) Permit each participant to elect a date not earlier than his or her
517 normal retirement age on which to begin receiving distributions,
518 provided, in the absence of an election, such distributions shall
519 commence not later than ninety days after the participant reaches his
520 or her normal retirement age; and

521 (5) Establish procedures whereby each participant may elect to
522 invest a higher percentage of his or her account balance in the lifetime
523 income investment.

524 (c) The board shall inform participants about their rights to
525 withdraw funds from the program in accordance with the provisions
526 of the Internal Revenue Code of 1986, or any subsequent
527 corresponding internal revenue code of the United States, as amended
528 from time to time. For participants who elect to withdraw their assets
529 prior to their normal retirement age, the authority shall notify such
530 participants of the potential for tax penalties associated with such
531 withdrawal and the effect of such withdrawal on such participant's
532 expected retirement income.

533 Sec. 10. (NEW) (*Effective January 1, 2017*) (a) The Attorney General
534 may investigate any violation of section 6 of this act. If the Attorney
535 General finds that any member of the Connecticut Retirement Security
536 Authority board of directors, or any agent engaged or appointed by
537 the board or the authority has violated or is violating any provision of
538 said section, the Attorney General may bring a civil action in the
539 superior court for the judicial district of Hartford under this section in
540 the name of the state against such member or agent. The remedies
541 available to a court in any such action shall be limited to injunctive
542 relief. Nothing in this section shall be construed to create a private
543 right of action.

544 (b) If a qualified employer fails to remit contributions to the
545 program in the time period specified in subsection (e) of section 7 of
546 this act, such failure to remit such contributions shall be a violation of

547 section 31-71e of the general statutes, as amended by this act.

548 (c) If a qualified employer fails to enroll a covered employee as
549 required under subsection (a) of section 7 of this act, such covered
550 employee, or the Labor Commissioner, may bring a civil action to
551 require the qualified employer to enroll the covered employee and
552 shall recover such costs and reasonable attorney's fees as may be
553 allowed by the court.

554 Sec. 11. (NEW) (*Effective January 1, 2017*) (a) The Connecticut
555 Retirement Security Authority shall keep an accurate account of all its
556 activities, receipts and expenditures and shall submit, in accordance
557 with the provisions of section 11-4a of the general statutes, a report
558 detailing such activities, receipts and expenditures to the Connecticut
559 Retirement Security Authority board of directors, the Governor, the
560 Office of Auditors of Public Accounts and the joint standing
561 committees of the General Assembly having cognizance of matters
562 relating to labor and finance, revenue and bonding on or before
563 December thirty-first annually. Such report shall be in a form
564 prescribed by the board and shall include projected activities of the
565 authority for the next fiscal year and shall be subject to approval by the
566 Auditors of Public Accounts.

567 (b) The Auditors of Public Accounts may conduct a full audit of the
568 books and accounts of the authority pertaining to such activities,
569 receipts and expenditures, personnel, services or facilities, in
570 accordance with the provisions of section 2-90 of the general statutes.
571 For the purposes of such audit, the Auditors of Public Accounts shall
572 have access to the properties and records of the authority, and may
573 prescribe methods of accounting and the rendering of periodical
574 reports in relation to projects undertaken by the authority.

575 (c) The authority shall enter into memoranda of understanding with
576 the State Comptroller pursuant to which the authority shall provide, in
577 such form and manner as prescribed by the State Comptroller,
578 information that may include, but need not be limited to, the current

579 revenues and expenses of the authority, the sources or recipients of
580 such revenues or expenses, the date such revenues or expenses were
581 received or dispersed and the amount and the category of such
582 revenues or expenses. The State Comptroller shall also enter into such
583 memoranda of understanding.

584 Sec. 12. (*Effective January 1, 2017*) (a) The Connecticut Retirement
585 Security Board shall conduct a study of the interest of participants and
586 potential participants of the Connecticut Retirement Security Exchange
587 in investing in a traditional IRA option. The study shall include, but
588 need not be limited to: (1) The number of participants and potential
589 participants whose incomes exceed federal limits for contributing to a
590 Roth IRA; and (2) the percentage of current participants that would
591 prefer a tax-deferred savings option. Not later than January 1, 2019, the
592 board shall submit a report, in accordance with the provisions of
593 section 11-4a of the general statutes, on the results of such study to the
594 joint standing committee of the General Assembly having cognizance
595 of matters relating to labor.

596 (b) The Connecticut Retirement Security Authority may study the
597 feasibility of the state or the authority making available to employers a
598 multiple-employer 401(k) plan or other tax-favored retirement savings
599 vehicle.

600 Sec. 13. (NEW) (*Effective January 1, 2018*) (a) The Connecticut
601 Retirement Security Authority board of directors shall:

602 (1) Establish and maintain a secure Internet web site to (A) provide
603 qualified employers with information regarding employer-sponsored
604 retirement plans and payroll deduction individual retirement
605 accounts, and (B) assist qualified employers in identifying vendors of
606 retirement arrangements that may be implemented by the qualified
607 employers in lieu of participation in the program;

608 (2) Include the Internet web site address on any posting to the
609 Internet web site or in other materials offered to the public regarding
610 the program;

611 (3) Prior to implementing the Internet web site, and at least annually
612 thereafter, provide notice to vendors (A) that such Internet web site is
613 active, (B) that such vendors may register for inclusion on the Internet
614 web site, and (C) regarding the process for inclusion on the Internet
615 web site; and

616 (4) Establish an appeals process for vendors that are denied
617 registration or removed from the Internet web site pursuant to
618 subsection (d) of this section.

619 (b) Each vendor that registers to be listed on the Internet web site
620 shall provide: (1) A statement of such vendor's experience providing
621 employer-sponsored retirement plans and payroll deduction
622 individual retirement accounts in this state and in other states, if
623 applicable, (2) a description of the types of retirement investment
624 products offered by such vendor, and (3) a disclosure of all expenses
625 paid directly or indirectly by retirement plan participants, including,
626 but not limited to, penalties for early withdrawals, declining or fixed
627 withdrawal charges, surrender or deposit charges, management fees
628 and annual fees.

629 (c) The cost of establishing and maintaining the registration system
630 and the Internet web site shall be borne solely and equally by
631 registered vendors, based upon the total number of registered vendors.

632 (d) The board may remove a vendor from the Internet web site if the
633 vendor: (1) Submits materially inaccurate information to the board, (2)
634 does not remit assessed fees within sixty days from the date of
635 assessment, or (3) fails to submit to the board notice of any material
636 change to the vendor's registered investment products. Any vendor
637 found to have submitted materially inaccurate information to the
638 board shall be allowed sixty calendar days to correct the information.

639 Sec. 14. (NEW) (*Effective January 1, 2018*) The Connecticut
640 Retirement Security Authority board of directors shall establish and
641 maintain a secure Internet web site to provide Connecticut Retirement
642 Security Exchange participants with information regarding approved

643 vendors that offer individual retirement accounts through the program
644 and the various investment options, including the historical
645 investment performance of such options, that may be available for
646 such individual retirement accounts.

647 Sec. 15. Subdivision (12) of section 1-79 of the 2016 supplement to
648 the general statutes is repealed and the following is substituted in lieu
649 thereof (*Effective January 1, 2017*):

650 (12) "Quasi-public agency" means Connecticut Innovations,
651 Incorporated, the Connecticut Health and Education Facilities
652 Authority, the Connecticut Higher Education Supplemental Loan
653 Authority, the Connecticut Student Loan Foundation, the Connecticut
654 Housing Finance Authority, the State Housing Authority, the Materials
655 Innovation and Recycling Authority, the Capital Region Development
656 Authority, the Connecticut Lottery Corporation, the Connecticut
657 Airport Authority, the Connecticut Health Insurance Exchange, the
658 Connecticut Green Bank, the Connecticut Retirement Security
659 Authority, the Connecticut Port Authority and the State Education
660 Resource Center.

661 Sec. 16. Subdivision (1) of section 1-120 of the 2016 supplement to
662 the general statutes is repealed and the following is substituted in lieu
663 thereof (*Effective January 1, 2017*):

664 (1) "Quasi-public agency" means Connecticut Innovations,
665 Incorporated, the Connecticut Health and Educational Facilities
666 Authority, the Connecticut Higher Education Supplemental Loan
667 Authority, the Connecticut Student Loan Foundation, the Connecticut
668 Housing Finance Authority, the Connecticut Housing Authority, the
669 Materials Innovation and Recycling Authority, the Capital Region
670 Development Authority, the Connecticut Lottery Corporation, the
671 Connecticut Airport Authority, the Connecticut Health Insurance
672 Exchange, the Connecticut Green Bank, the Connecticut Retirement
673 Security Authority, the Connecticut Port Authority and the State
674 Education Resource Center.

675 Sec. 17. Section 1-124 of the 2016 supplement to the general statutes
676 is repealed and the following is substituted in lieu thereof (*Effective*
677 *January 1, 2017*):

678 (a) Connecticut Innovations, Incorporated, the Connecticut Health
679 and Educational Facilities Authority, the Connecticut Higher
680 Education Supplemental Loan Authority, the Connecticut Student
681 Loan Foundation, the Connecticut Housing Finance Authority, the
682 Connecticut Housing Authority, the Materials Innovation and
683 Recycling Authority, the Connecticut Airport Authority, the Capital
684 Region Development Authority, the Connecticut Health Insurance
685 Exchange, the Connecticut Green Bank, the Connecticut Retirement
686 Security Authority, the Connecticut Port Authority and the State
687 Education Resource Center shall not borrow any money or issue any
688 bonds or notes which are guaranteed by the state of Connecticut or for
689 which there is a capital reserve fund of any kind which is in any way
690 contributed to or guaranteed by the state of Connecticut until and
691 unless such borrowing or issuance is approved by the State Treasurer
692 or the Deputy State Treasurer appointed pursuant to section 3-12. The
693 approval of the State Treasurer or said deputy shall be based on
694 documentation provided by the authority that it has sufficient
695 revenues to (1) pay the principal of and interest on the bonds and notes
696 issued, (2) establish, increase and maintain any reserves deemed by the
697 authority to be advisable to secure the payment of the principal of and
698 interest on such bonds and notes, (3) pay the cost of maintaining,
699 servicing and properly insuring the purpose for which the proceeds of
700 the bonds and notes have been issued, if applicable, and (4) pay such
701 other costs as may be required.

702 (b) To the extent Connecticut Innovations, Incorporated, the
703 Connecticut Higher Education Supplemental Loan Authority, the
704 Connecticut Student Loan Foundation, the Connecticut Housing
705 Finance Authority, the Connecticut Housing Authority, the Materials
706 Innovation and Recycling Authority, the Connecticut Health and
707 Educational Facilities Authority, the Connecticut Airport Authority,
708 the Capital Region Development Authority, the Connecticut Health

709 Insurance Exchange, the Connecticut Green Bank, the Connecticut
710 Retirement Security Authority, the Connecticut Port Authority or the
711 State Education Resource Center is permitted by statute and
712 determines to exercise any power to moderate interest rate fluctuations
713 or enter into any investment or program of investment or contract
714 respecting interest rates, currency, cash flow or other similar
715 agreement, including, but not limited to, interest rate or currency swap
716 agreements, the effect of which is to subject a capital reserve fund
717 which is in any way contributed to or guaranteed by the state of
718 Connecticut, to potential liability, such determination shall not be
719 effective until and unless the State Treasurer or his or her deputy
720 appointed pursuant to section 3-12 has approved such agreement or
721 agreements. The approval of the State Treasurer or his or her deputy
722 shall be based on documentation provided by the authority that it has
723 sufficient revenues to meet the financial obligations associated with the
724 agreement or agreements.

725 Sec. 18. Section 1-125 of the 2016 supplement to the general statutes
726 is repealed and the following is substituted in lieu thereof (*Effective*
727 *January 1, 2017*):

728 The directors, officers and employees of Connecticut Innovations,
729 Incorporated, the Connecticut Higher Education Supplemental Loan
730 Authority, the Connecticut Student Loan Foundation, the Connecticut
731 Housing Finance Authority, the Connecticut Housing Authority, the
732 Materials Innovation and Recycling Authority, including ad hoc
733 members of the Materials Innovation and Recycling Authority, the
734 Connecticut Health and Educational Facilities Authority, the Capital
735 Region Development Authority, the Connecticut Airport Authority,
736 the Connecticut Lottery Corporation, the Connecticut Health Insurance
737 Exchange, the Connecticut Green Bank, the Connecticut Retirement
738 Security Authority, the Connecticut Port Authority and the State
739 Education Resource Center and any person executing the bonds or
740 notes of the agency shall not be liable personally on such bonds or
741 notes or be subject to any personal liability or accountability by reason
742 of the issuance thereof, nor shall any director or employee of the

743 agency, including ad hoc members of the Materials Innovation and
744 Recycling Authority, be personally liable for damage or injury, not
745 wanton, reckless, wilful or malicious, caused in the performance of his
746 or her duties and within the scope of his or her employment or
747 appointment as such director, officer or employee, including ad hoc
748 members of the Materials Innovation and Recycling Authority. The
749 agency shall protect, save harmless and indemnify its directors,
750 officers or employees, including ad hoc members of the Materials
751 Innovation and Recycling Authority, from financial loss and expense,
752 including legal fees and costs, if any, arising out of any claim, demand,
753 suit or judgment by reason of alleged negligence or alleged
754 deprivation of any person's civil rights or any other act or omission
755 resulting in damage or injury, if the director, officer or employee,
756 including ad hoc members of the Materials Innovation and Recycling
757 Authority, is found to have been acting in the discharge of his or her
758 duties or within the scope of his or her employment and such act or
759 omission is found not to have been wanton, reckless, wilful or
760 malicious.

761 Sec. 19. Section 31-71e of the general statutes is repealed and the
762 following is substituted in lieu thereof (*Effective January 1, 2017*):

763 No employer may withhold or divert any portion of an employee's
764 wages unless (1) the employer is required or empowered to do so by
765 state or federal law, or (2) the employer has written authorization from
766 the employee for deductions on a form approved by the commissioner,
767 or (3) the deductions are authorized by the employee, in writing, for
768 medical, surgical or hospital care or service, without financial benefit
769 to the employer and recorded in the employer's wage record book, or
770 (4) the deductions are for contributions attributable to automatic
771 enrollment, as defined in section 31-71j, as amended by this act, in a
772 retirement plan described in Section 401(k), 403(b), 408, 408A or 457 of
773 the Internal Revenue Code of 1986, or any subsequent corresponding
774 internal revenue code of the United States, as from time to time
775 amended, established by the employer, or in the Connecticut
776 Retirement Security Exchange established pursuant to section 3 of this

777 act, or (5) the employer is required under the law of another state to
778 withhold income tax of such other state with respect to (A) employees
779 performing services of the employer in such other state, or (B)
780 employees residing in such other state.

781 Sec. 20. Section 31-71j of the general statutes is repealed and the
782 following is substituted in lieu thereof (*Effective January 1, 2017*):

783 (a) As used in this section: (1) "Automatic enrollment" means a plan
784 provision in an employee retirement plan described in Section 401(k)
785 or 403(b) of the Internal Revenue Code of 1986, or any subsequent
786 corresponding internal revenue code of the United States, as from time
787 to time amended, or a governmental deferred compensation plan
788 described in Section 457 of said Internal Revenue Code, or a payroll
789 deduction Individual Retirement Account plan described in Section
790 408 or 408A of said Internal Revenue Code, or the Connecticut
791 Retirement Security Exchange established pursuant to section 3 of this
792 act, under which an employee is treated as having elected to have the
793 employer make a specified contribution to the plan equal to a
794 percentage of compensation specified in the plan until such employee
795 affirmatively elects to not have such contribution made or elects to
796 make a contribution in another amount; and (2) "automatic
797 contribution arrangement" means an arrangement under an automatic
798 enrollment plan under which, in the absence of an investment election
799 by the participating employee, contributions made under such plan are
800 invested in accordance with regulations prescribed by the United
801 States Secretary of Labor under Section 404(c)(5) of the Employee
802 Retirement Income Security Act of 1974, as amended from time to
803 time.

804 (b) Any employer who provides automatic enrollment shall be
805 relieved of liability for the investment decisions made by the employer
806 or the Connecticut Retirement Security Authority pursuant to section 8
807 of this act on behalf of any participating employee under an automatic
808 contribution arrangement, provided:

809 (1) The plan allows the participating employee at least quarterly
810 opportunities to select investments for the employee's contributions
811 between investment alternatives available under the plan;

812 (2) The employee is given notice of the investment decisions that
813 will be made in the absence of the employee's direction, a description
814 of all the investment alternatives available under the plan and a brief
815 description of procedures available for the employee to change
816 investments; and

817 (3) The employee is given at least annual notice of the actual
818 investments made on behalf of the employee under such automatic
819 contribution arrangement.

820 (c) Nothing in this section shall modify any existing responsibility of
821 employers or other plan officials for the selection of investment funds
822 for participating employees.

823 (d) The relief from liability of the employer under this section shall
824 extend to any other plan official who actually makes the investment
825 decisions on behalf of participating employees under an automatic
826 contribution arrangement.

827 Sec. 21. (NEW) (*Effective January 1, 2017*) (a) No member of the
828 Connecticut Retirement Security Authority board of directors, except
829 the State Comptroller or State Treasurer, or any executive director,
830 assistant executive director or authorized officer appointed by said
831 board or the principal of an entity with a contract with the authority to
832 administer the Connecticut Retirement Security Exchange, shall make
833 a contribution to, or knowingly solicit contributions from the board's
834 or the executive director's or assistant executive director's employees
835 on behalf of (1) an exploratory committee or candidate committee
836 established by a candidate for nomination or election to the office of
837 Governor, Lieutenant Governor, Attorney General, State Comptroller,
838 Secretary of the State or State Treasurer, (2) a political committee
839 authorized to make contributions or expenditures to or for the benefit
840 of such candidates, or (3) a party committee.

841 (b) No member of the Connecticut Retirement Security Authority
 842 board of directors, except the State Comptroller or State Treasurer, or
 843 any executive director, assistant executive director or authorized
 844 officer appointed by said board or the principal of any entity with a
 845 contract with the authority to administer the program shall make a
 846 contribution to, or knowingly solicit contributions from the board's or
 847 the executive director's or assistant executive director's employees on
 848 behalf of (1) an exploratory committee or candidate committee
 849 established by a candidate for nomination or election to the office of
 850 state senator or state representative, (2) a political committee
 851 authorized to make contributions or expenditures to or for the benefit
 852 of such candidates, or (3) a party committee.

853 (c) The provisions of this section and sections 1 to 20, inclusive, of
 854 this act, shall be severable, and, if any of their provisions are held to be
 855 unconstitutional or invalid, the validity of the remaining provisions of
 856 said sections will not be affected.

857 Sec. 22. Sections 31-410 to 31-415, inclusive, of the general statutes
 858 are repealed. (*Effective January 1, 2017*)"

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|---|------------------------|-------------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>from passage</i> | New section |
| Sec. 2 | <i>from passage</i> | New section |
| Sec. 3 | <i>January 1, 2017</i> | New section |
| Sec. 4 | <i>January 1, 2017</i> | New section |
| Sec. 5 | <i>January 1, 2017</i> | New section |
| Sec. 6 | <i>January 1, 2017</i> | New section |
| Sec. 7 | <i>January 1, 2017</i> | New section |
| Sec. 8 | <i>January 1, 2017</i> | New section |
| Sec. 9 | <i>January 1, 2017</i> | New section |
| Sec. 10 | <i>January 1, 2017</i> | New section |
| Sec. 11 | <i>January 1, 2017</i> | New section |
| Sec. 12 | <i>January 1, 2017</i> | New section |
| Sec. 13 | <i>January 1, 2018</i> | New section |
| Sec. 14 | <i>January 1, 2018</i> | New section |

| | | |
|---------|------------------------|------------------|
| Sec. 15 | <i>January 1, 2017</i> | 1-79(12) |
| Sec. 16 | <i>January 1, 2017</i> | 1-120(1) |
| Sec. 17 | <i>January 1, 2017</i> | 1-124 |
| Sec. 18 | <i>January 1, 2017</i> | 1-125 |
| Sec. 19 | <i>January 1, 2017</i> | 31-71e |
| Sec. 20 | <i>January 1, 2017</i> | 31-71j |
| Sec. 21 | <i>January 1, 2017</i> | New section |
| Sec. 22 | <i>January 1, 2017</i> | Repealer section |